



***Goldman Sachs***

***Communacopia XI Conference***

***Ivan Seidenberg***

***October 1, 2002***

# ***“Safe Harbor” Statement***



***NOTE: This presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the duration and extent of the current economic downturn; materially adverse changes in economic conditions in the markets served by us or by companies in which we have substantial investments; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; our ability to satisfy regulatory merger conditions and obtain combined company revenue enhancements and cost savings; the ability of Verizon Wireless to achieve revenue enhancements and cost savings, and obtain sufficient spectrum resources; the outcome of litigation concerning the FCC NextWave spectrum auction; our ability to recover insurance proceeds relating to equipment losses and other adverse financial impacts resulting from the terrorist attacks on Sept. 11, 2001; and changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.***

# ***2002 Initiatives***

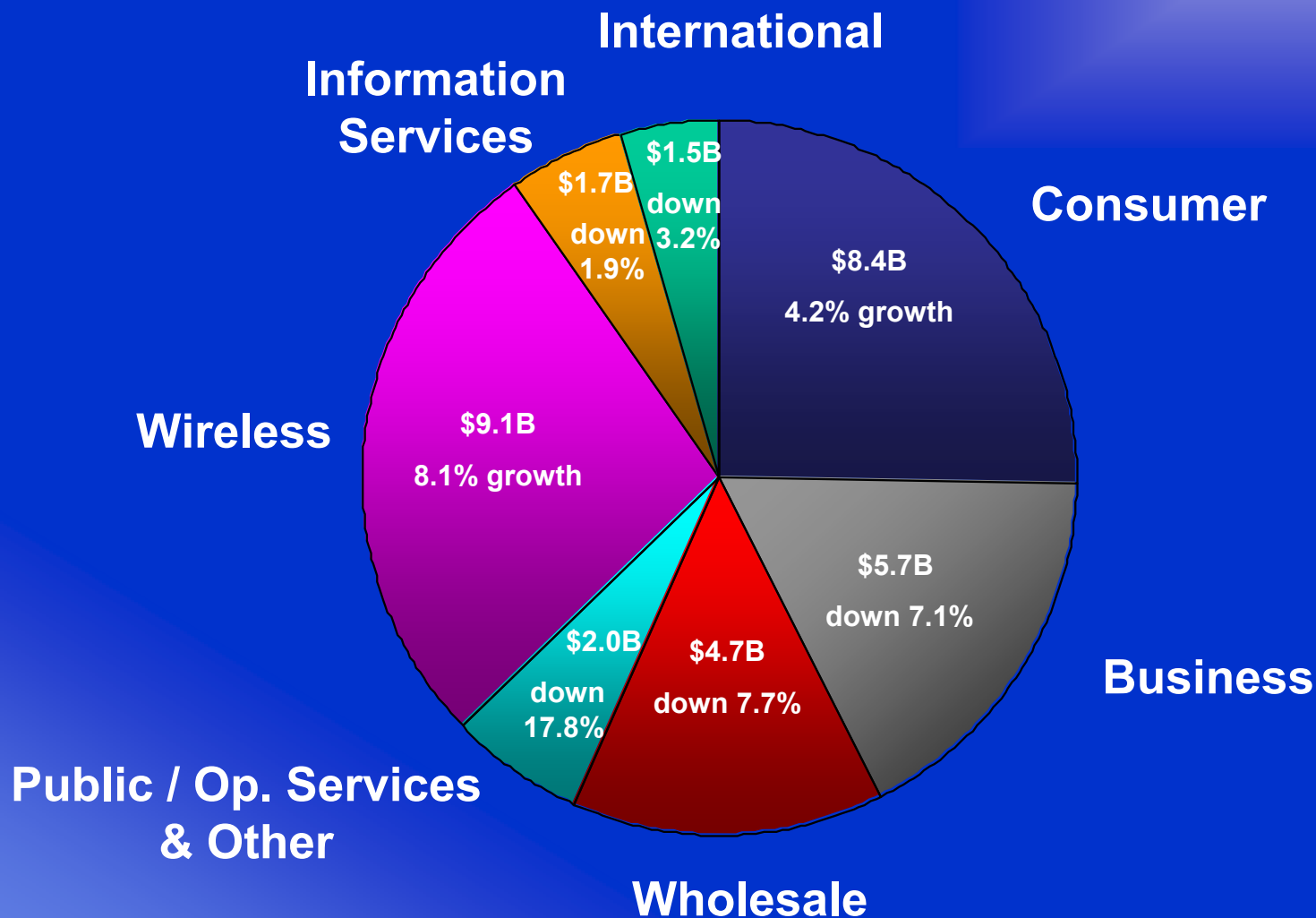
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- **Focus on Growth Initiatives**
- **Deploy Innovative Products & Services**
- **Drive Productivity**
- **Increase Free Cash Flow**
- **Reduce Debt**
- **Manage Regulatory Issues**

***Focus on What We Can Control***

# 2Q YTD Revenue = \$33.2B



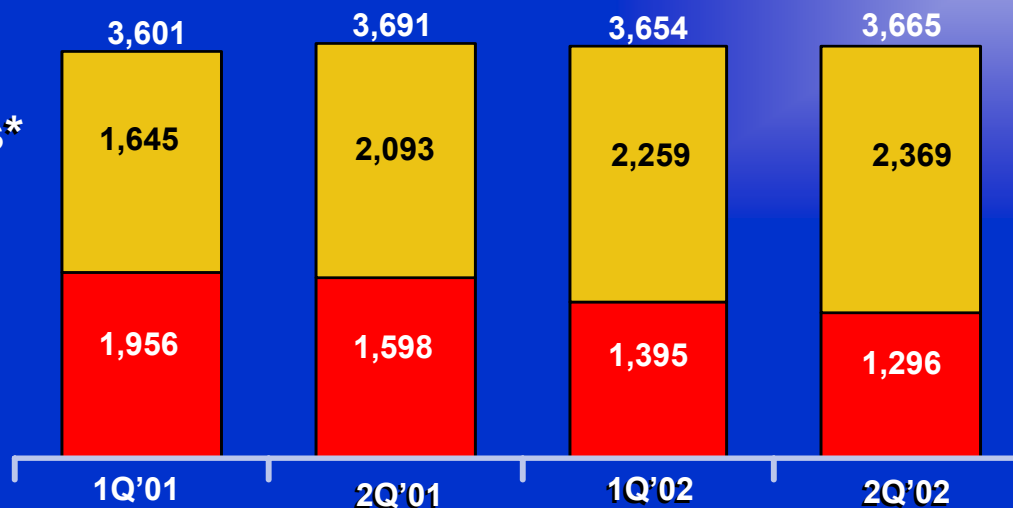
# UNE-P / Resale Competition



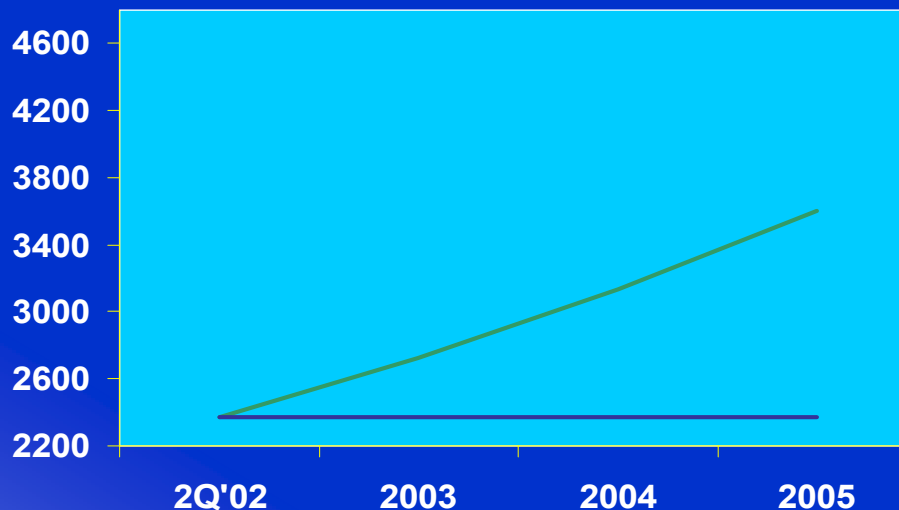
## UNE-P & Resale Lines\* (000's)



\*Excludes Public  
UNE-P & Resale



## UNE-P Lines (000's)



Note:  
For illustrative  
purposes only

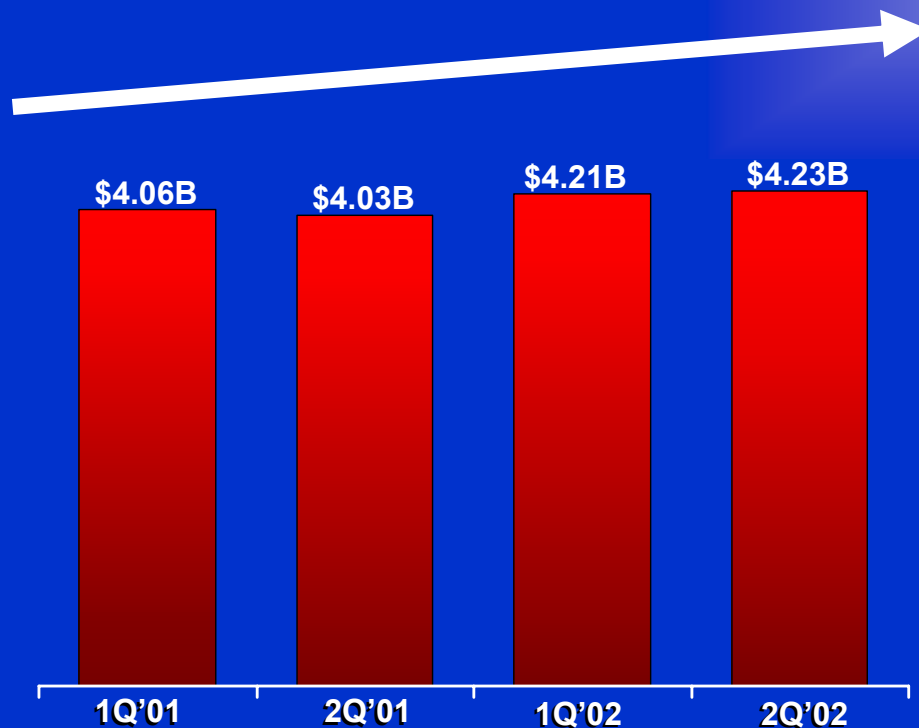
- **Revenue**

- **Bundling**
- **Enterprise**
- **Wireless**

- **Cost**

- **Productivity**
- **Systems**

# ***Telecom - Consumer Revenue***



***New Products, New Sources of Revenue***

# Telecom - Avg. Monthly Consumer Revenue **verizon**

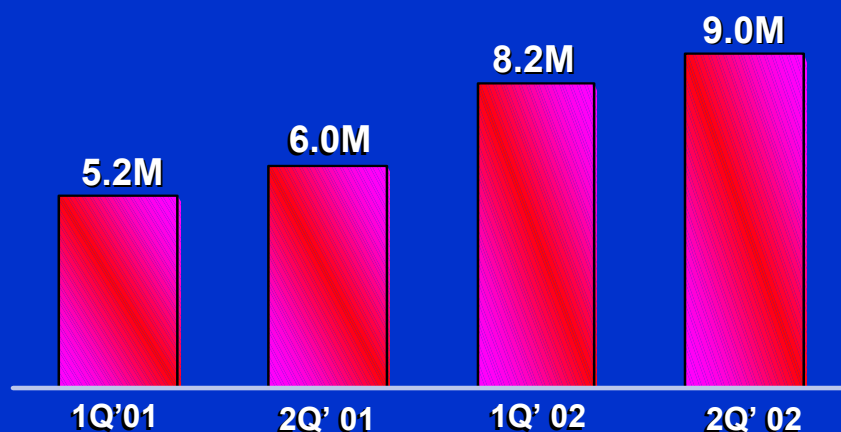


***Increasing Walletshare***

# Telecom - Growth Metrics



## Long Distance Subscribers



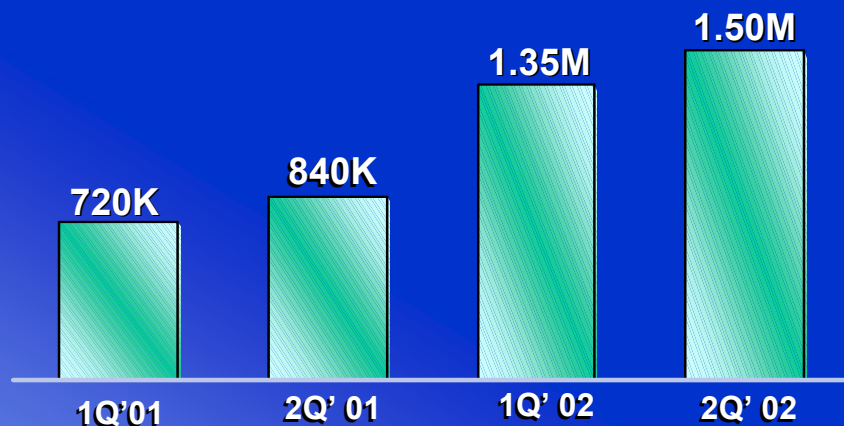
**51% Growth Q2'02/Q2'01**

**26% Revenue Growth**

**New Hampshire & Delaware -  
Approved September 25**

**Virginia - October Decision**

## DSL Lines in Service



**79% Growth Q2'02/Q2'01**

**Provisioning Improvements**

**Service Quality Improvements**

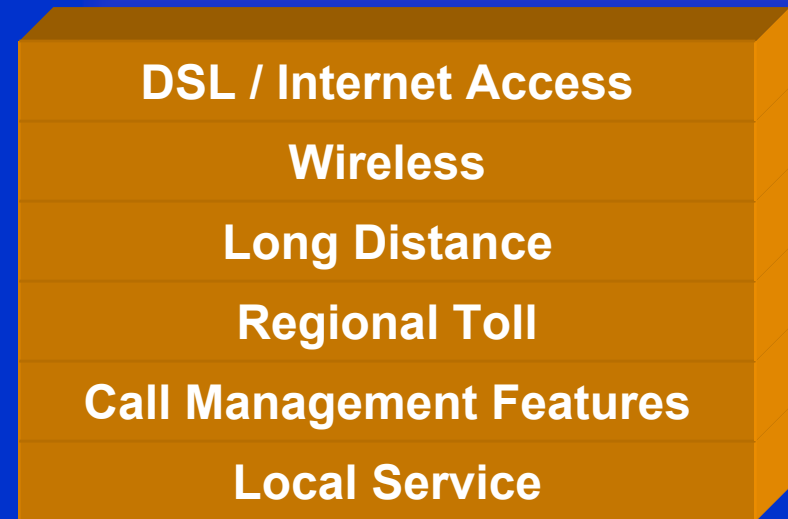
**Microsoft Alliance**

***Sustained Growth***

# ***Variations All***



- Comprehensive, customizable bundle of all telecommunications services
- Leads consumer trend toward convergence, counters displacement trend
- Fulfills Telecommunications Act of 1996
- Tears down barriers between wireless and wireline
  - *HOW* people make a phone call is ***INCONSEQUENTIAL***



***The Future is Now***

# More Choices, More Savings



		Variations All	Offer Components
Added Services	{	<u>Unlimited</u> DSL	<ul style="list-style-type: none"> <li>• High Speed DSL at \$34.95 per month</li> <li>• Retail Price \$49.95 - \$180 in Savings Annually</li> </ul>
		Wireless with <u>Unlimited</u> Nights & Weekends	<ul style="list-style-type: none"> <li>• America's Choice 300 for \$34.99 per month</li> <li>• Retail price \$39.99; therefore, \$60 in annual savings</li> <li>• Includes 300 Nationwide Anytime Minutes</li> <li>• Unlimited nights &amp; weekends and free mobile to mobile</li> </ul>
Basic Services	{	Long Distance with <u>Unlimited</u> Nights & Weekends	<ul style="list-style-type: none"> <li>• 300 Plus for \$20 per month</li> <li>• Includes 300 Nationwide Anytime Dial 1 state to state and in state Long Distance minutes</li> <li>• Unlimited nights and weekends matching wireless time periods</li> </ul>
		Local Package Plus with <u>Unlimited</u> Toll	<ul style="list-style-type: none"> <li>• Local Package Plus is Local Package plus up to 17 VAS, Unlimited Toll, HVM, and Call Intercept</li> <li>• Rates would be geography specific - savings vary by state</li> </ul>

# ***DSL - More Than A Transport Network***

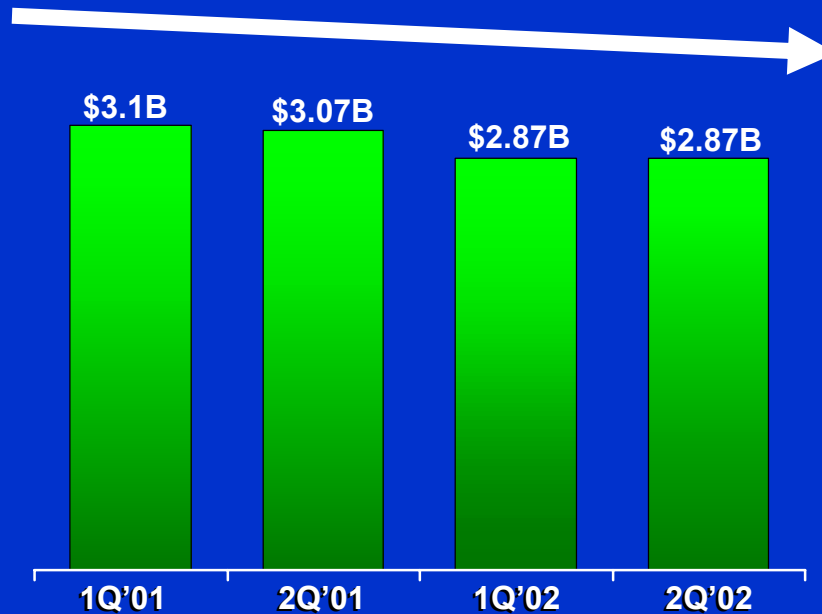


## **Future Higher Bandwidth Technologies**



**Future Value Added Services**

# ***Telecom - Business Revenue***



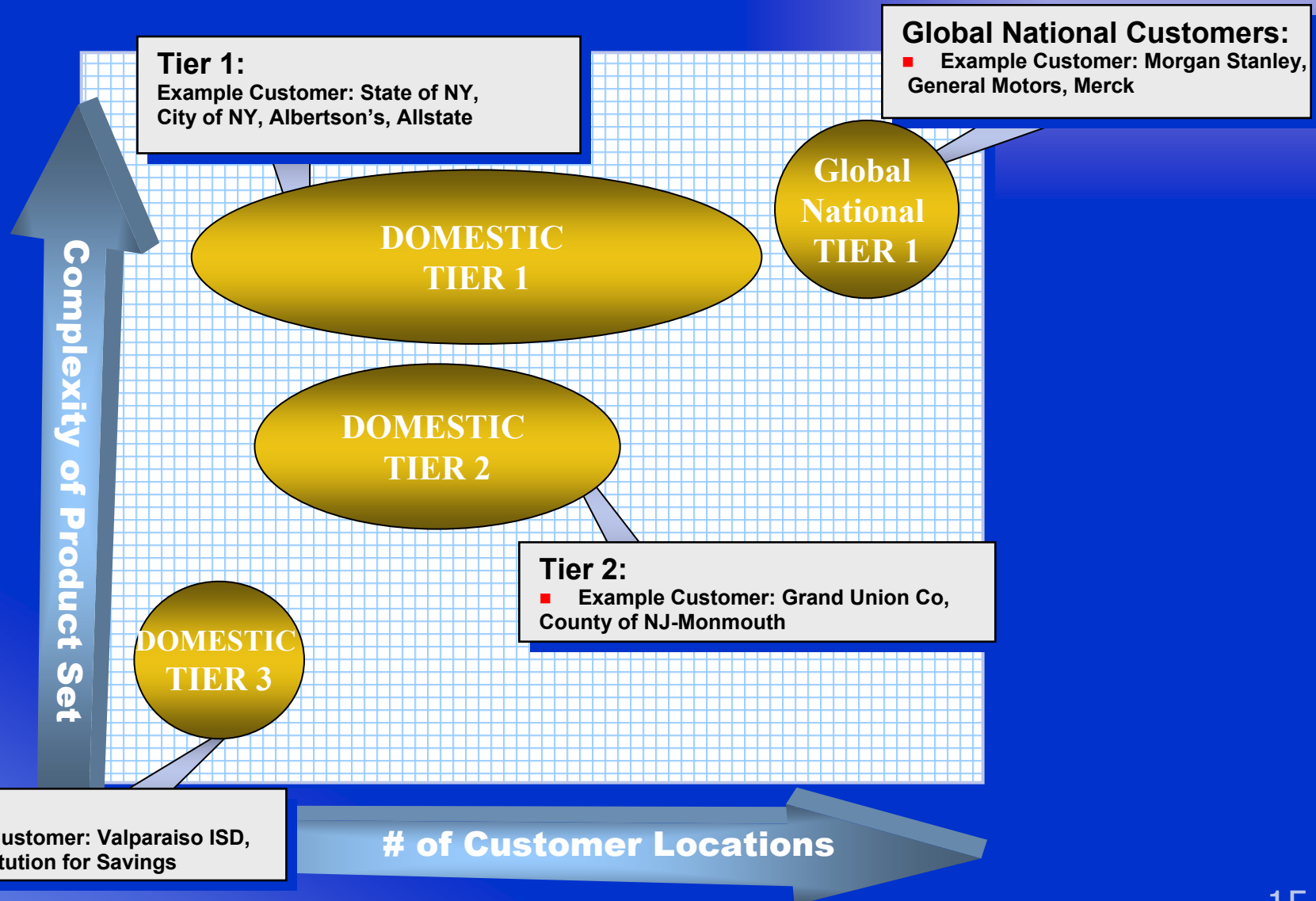
***Economic Impact***

# Enterprise Capabilities



***Re-inventing VZ Enterprise Business***

# Enterprise Customer Segments



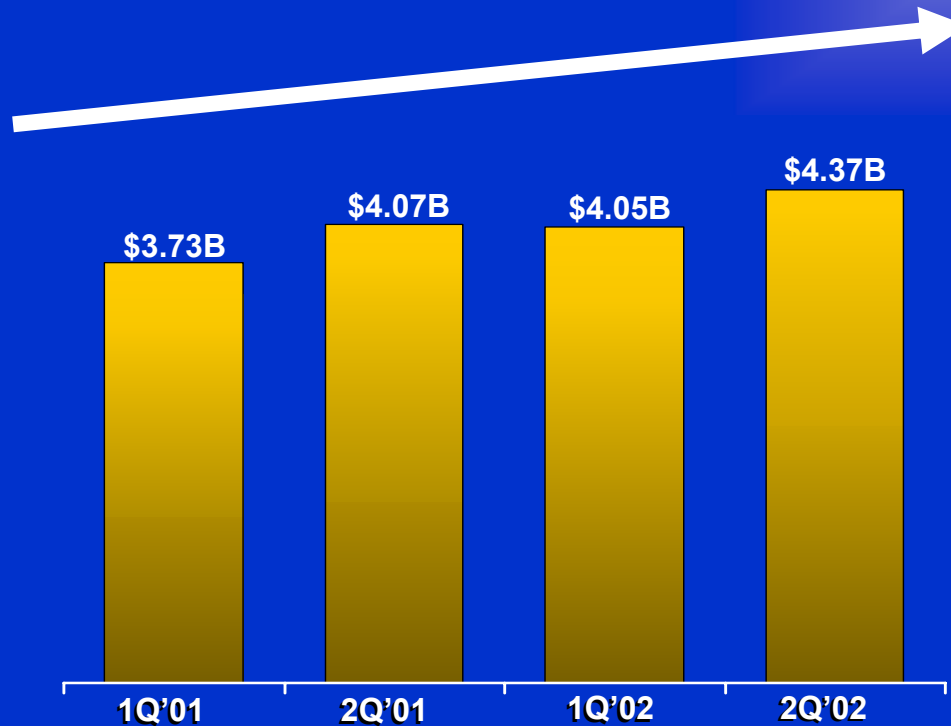
# ***Enterprise - Keys to Success***



- Utilize Network and Ubiquitous Fiber Deployment
  - Stability
  - Local Connectivity
  - Enterprise Customer Base
  - Strong Service Reputation
  - Brand
- Unparalleled Fast Packet & Optical Capabilities
- Sufficient National Reach
- Competitive Enterprise IP Services Portfolio

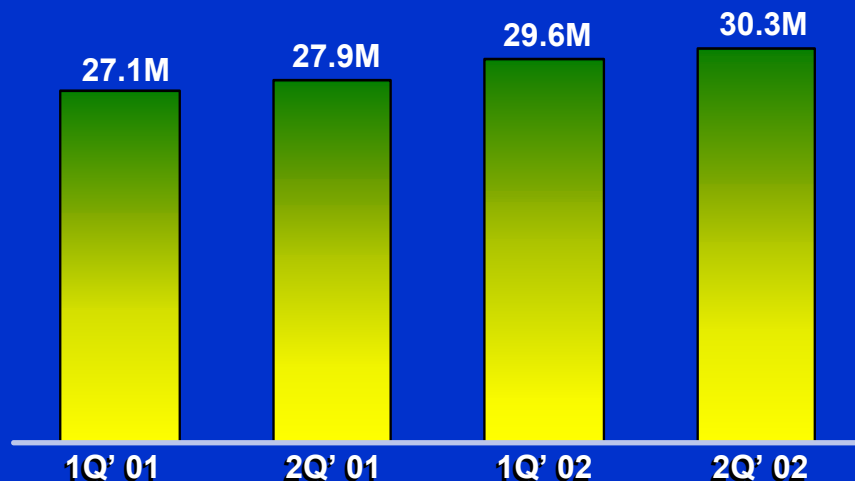
***Significant Revenue Opportunity***

# ***Wireless - Service Revenue***



***Network & Data Driving Growth***

# Wireless – Subscriber Growth

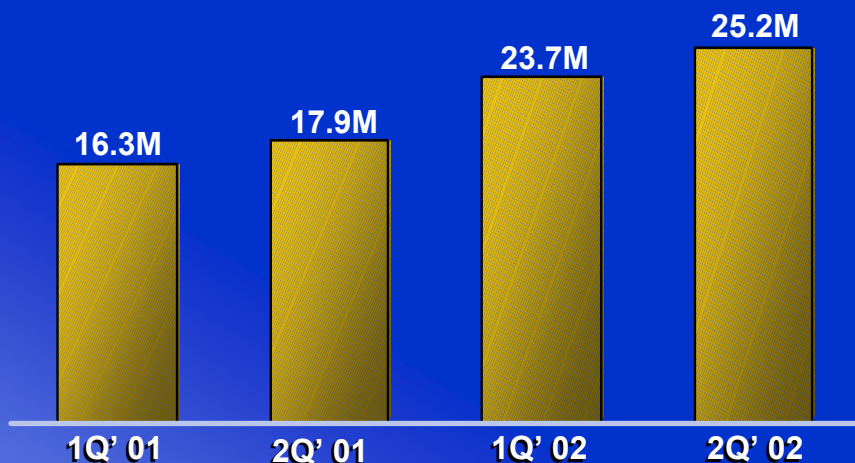


## Wireless Subscribers

8.5% Growth 2Q'02 vs. 2Q'01

Quality Customer Base

Market Opportunity



## Digital Subscribers

41% Growth 2Q'02 vs. 2Q'01

83% of Total Base is Digital

Driving Efficiency

**Profitable Growth**

# Wireless Voice



- **Deliver Value**
  - Target high-tier adds
  
- **Deliver Profitability**
  - Leverage large on-net footprint
  - Reduce subsidies
  
- **2nd Quarter 2002**
  - 60% of gross adds



***Drive Profitability***



# Portal to Wireless Future

verizon

After signing in the first time, users go to the VZW with MSN Home Page. They can also get there by going to: [vzw.msn.com](http://vzw.msn.com)



To personalize the service, users click the Mobile Web tab at top.

# Downloadable Applications

verizon



get it now



# Wireless Data



## Consumer



**2 Way SMS, alerts  
Web Portal**

- **SMS:**
  - Demand building
  - Inter-carrier capability
- **Downloadable apps: BREW**
- **Microsoft**

## Enterprise

**Express Network  
Mobile Office**

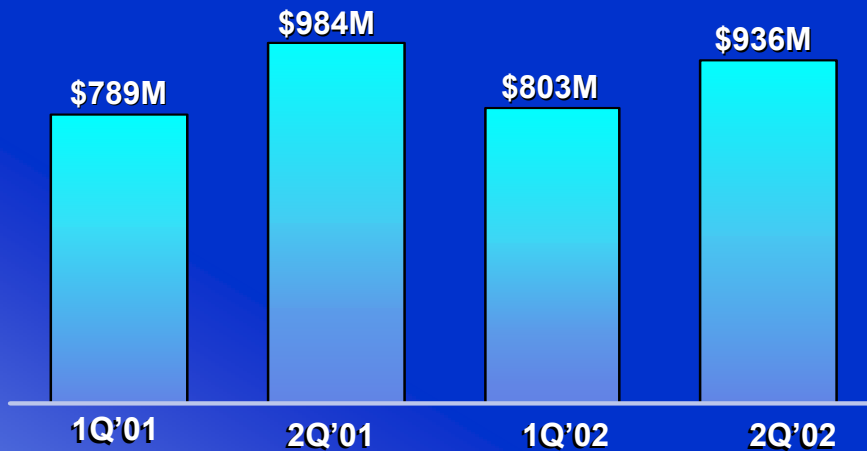
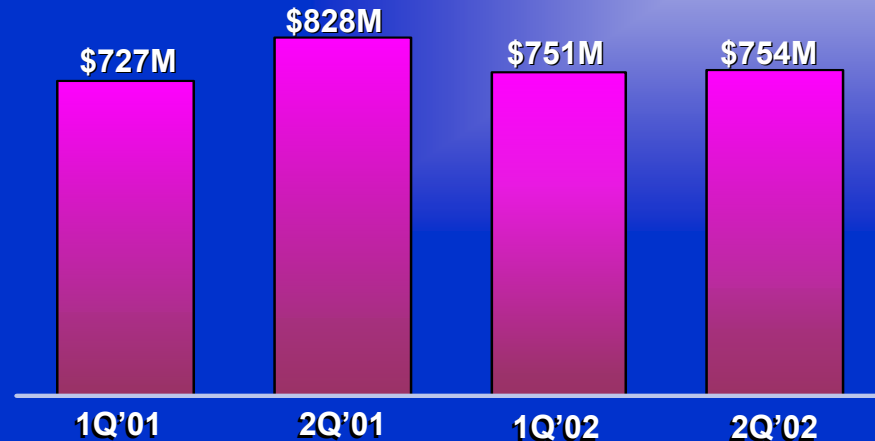


- **Speed: 1X**
- **Devices: AirCard, handsets**
- **Access: Internet, Corporate Intranet/VPN, e-mail, fast FTP downloads**
- **Strategic partnerships**

# ***International/Info Services***



**International Revenue**



**Information Services Revenue**

***Holding Our Own***

# ***Integrated Branding Strategy***



***Make progress **every** day***

Building the best wireless network is our job. Making it even better is our obsession.

"Can you hear me now? Good."

No wonder more people in more places choose Verizon Wireless than any other network in America.

Why are we constantly testing our service? Why are we always working to improve our network? Because we're out to make sure your call goes through no matter where you go. We already cover more towns, cities, and places than anyone else and connect more people – 28 million and growing – than any other wireless network in America. But that's not good enough. We won't rest. We won't stop building. We'll just keep growing, giving you a better wireless network every day.

And, as always, you can count on us for great values, the latest products, and 24/7 customer service. So come discover how Verizon Wireless can work for you.

**1.800.2 JOIN IN**  
**verizonwireless.com**

 **verizon**wireless  
We never stop working for you.

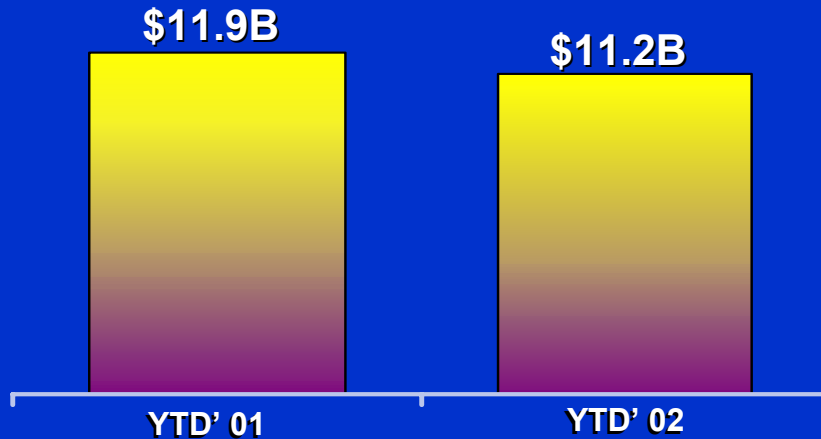


***Most Respected Brand in Communications***

# Outstanding Cost Management



## Telecom Cash Expense



### Cash Expense

**5.8% Decrease - YTD'02 vs. YTD'01**

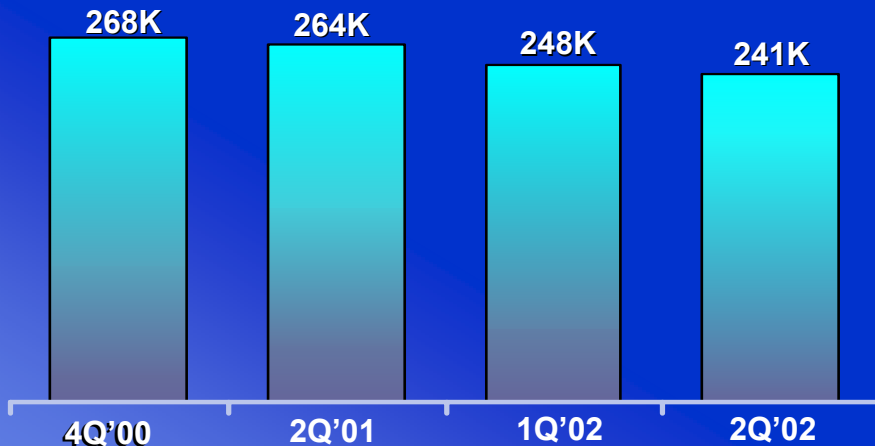
**\$700M Run Rate Decrease**

### Headcount

**10.1% Decrease in F/T Headcount - 2Q'02 vs. 4Q'00**

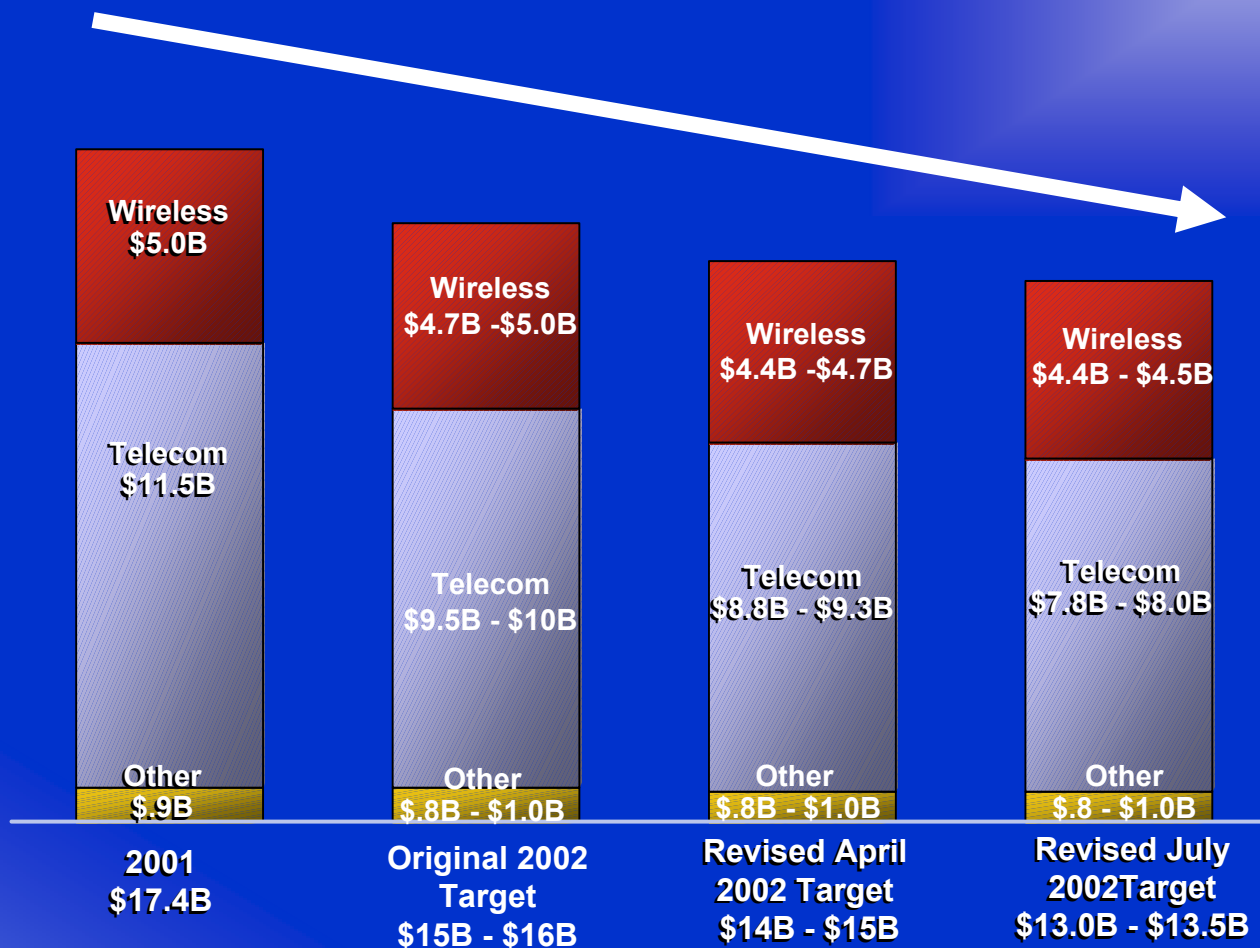
**27,000 F/T Headcount Reduction Since 4Q'00**

## Full Time Headcount



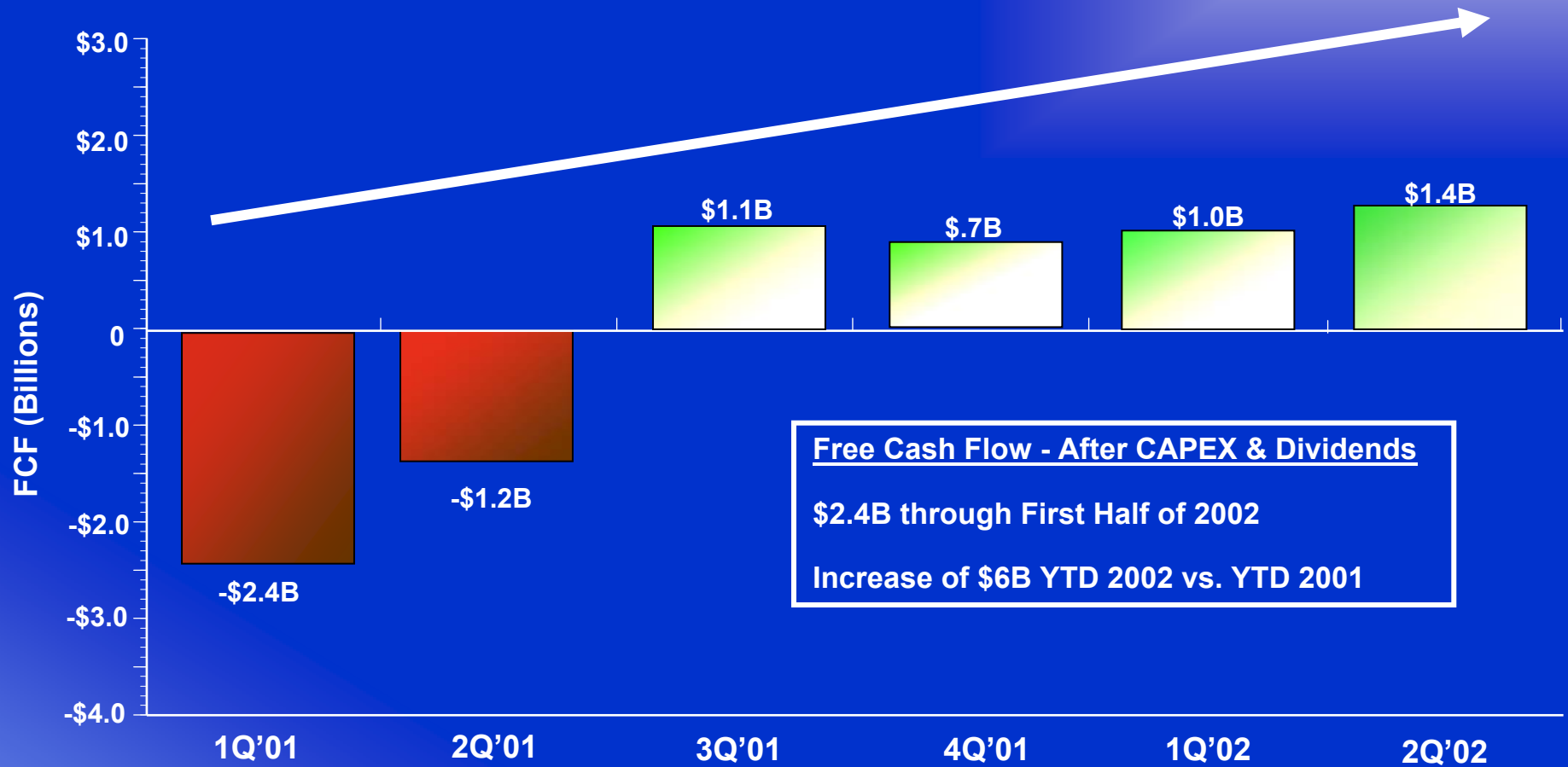
***Focus on Process & Productivity***

# Capital Expenditure Outlook



***Focused on Increasing Capital Returns***

# Free Cash Flow



***Efficiency Driving Cash Generation***

# Significant Debt Reduction



## Debt Level



### Targets:

- \$8B annual debt reduction
- Approximately 70% reduction in CP
- 10% overall debt reduction

## Commercial Paper



# ***2002 Outlook***

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**Revenue Growth**

**(1)% - 0**

**EPS**

**\$3.05 - \$3.09**

**Capital Expenditures**

**\$13.0 - \$13.5B**

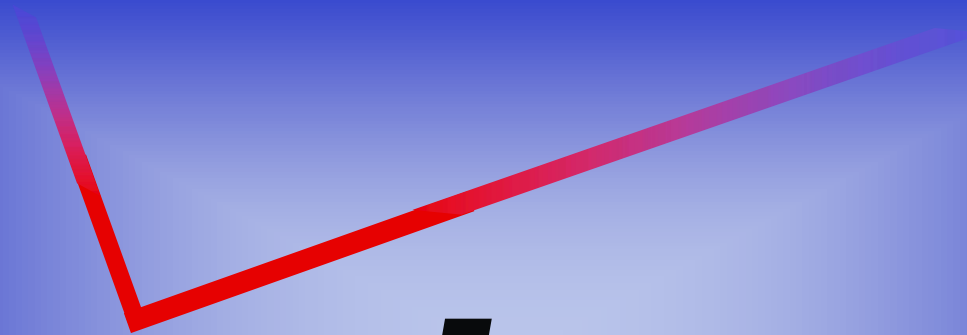
- **UNE Policy**
- **Next Wave Spectrum**
- **Long Distance Entry**
- **Broadband**

# ***Focused On Our Business Model***



- **Sources of New Revenue Growth**
- **Generation of Free Cash Flow**
- **Debt Reduction Strategy**
- **Improved Capital Returns**
- **Sustainable Cost / Productivity Gains**
- **Outstanding Management Depth**

***Creating Shareholder Value***



***verizon***